

June 9, 2010

ITEM NO. A2

AUTHORIZATION TO 1) ENTER INTO A CONTRACT WITH MCSHANE CONSTRUCTION COMPANY, INC. FOR ENVIRONMENTAL REMEDIATION ACTIVITIES ON THE FORMER LAWNDALE COMPLEX SITE IN CONNECTION WITH THE PARK DOUGLAS RENTAL DEVELOPMENT, AND 2) EXECUTE OTHER DOCUMENTS AS NECESSARY TO IMPLEMENT THE FOREGOING

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached Resolution authorizing the Chief Executive Officer or his designee to 1) enter into a contract with McShane Construction Company, Inc. ("McShane") for remediation activities at the portion of the Park Douglas Rental development on-site, for a total contract amount not to exceed \$519,529 (200% of the estimated remediation cost) subject to any necessary approvals of the U. S. Department of Housing and Urban Development ("HUD") and 2) Execute other documents as necessary to implement the foregoing. The term of the McShane contract for the Park Douglas on-site environmental remediation shall be the earlier of (i) receipt of a "No Further Remediation" letter from the Illinois Environmental Protection Agency ("IEPA"), or (ii) two years, subject to a one-year extension at CHA's election.

FUNDING

General Funds

RECOMMENDATION SUMMARY

Vendor:	McShane Construction Company, Inc.
Contract Type:	Environmental Remediation
Contract Amount:	\$519,529
Contract Period:	Earlier of receipt of NFR Letter or two years, subject to one-year extension at CHA's election
Date Advertised:	N/A
Initial Date Proposal Opened:	N/A
Pre-Bid/Proposal Conference:	N/A

M/W/DBE Participation: Total Participation

Direct: 48% MBE _____% WBE _____% DBE

Waiver _____(Yes/No)

Section 3:

Tier 1 (Hiring) 1 Subcontracting____ Other Economic Opportunities____

PROCUREMENT HISTORY

On March 29, 2007, a Request for Qualifications ("RFQ") under Number 01498 was released by the Chicago Housing Authority ("CHA") and The Habitat Company ("Habitat") under the Housing for Chicagoans Everywhere ("HCE") Program to competitively solicit qualified firms to provide replacement housing units to the CHA. On October 16, 2007, the CHA Board of Commissioners approved the authorization to maintain a pre-qualified pool of developers, development teams and multi-unit building owners, for the specific intention of delivering off-site replacement housing. On January 10, 2008, Brinshore Development, LLC ("Brinshore") and Michaels Development Company

(“Michaels”) received a Notice of Qualification confirming their eligibility to participate in the HCE Program. On March 10, 2008 the annual HCE solicitation was released in order to expand the existing pool of developers and on June 17, 2008 the CHA Board approved the expansion of the HCE pool and extended the terms of Brinshore and Michaels as eligible HCE pool members.

EXPLANATION

On April 21, 2009, the CHA Board of Commissioners approved B-M Ogden, LLC, a joint venture of Brinshore and Michaels, as the selected developer for the initial housing phase in the Lawndale Complex redevelopment area and to enter into a Redevelopment and Predevelopment Loan Agreement (“RA”) with B-M Ogden, LLC. The name of the development has been changed from Ogden North to Park Douglas. The Park Douglas development will be owned by Ogden North, LLC.

Park Douglas is a mixed-finance, mixed-income redevelopment consisting of 137 new construction rental units. The 137 units consist of a new 48 unit townhome building complex to be located on 1.3 acres of CHA land with the remaining 89 units to be located on the off-site portion of the development project as described below. The total project is comprised of approximately 19 buildings located in an area bounded by Talman Avenue on the east, Roosevelt Road to the north, Washtenaw Avenue on the west and 12th Street on the south. The project will provide 60 units of replacement public housing as well as 49 affordable tax credit units and 28 unrestricted market rate units. The project will be constructed on land 1) purchased by the developer, Brinshore Michaels, 2) disposed to the developer by the City, and 3) a portion of the former Lawndale Complex site. McShane Construction Company will be the General Contractor and will provide the environmental remediation work for the project.

Pursuant to the RA, CHA is required to fund the cost of site remediation for pre-existing conditions on the Lawndale Complex portion of the development site (other than costs the developer would have incurred in any event) subject to certain rights to terminate for infeasibility.

The estimated remediation costs for the Lawndale Complex portion of the Park Douglas development site is \$259,765. CHA’s contractual responsibility for remediation, foreseen and unforeseen environmental conditions under the RA is capped at 200% of this estimated total cost, which is \$519,529.

As part of the construction preparation, a number of environmental investigation studies were completed for the CHA-owned land at Lawndale Complex included in the site. These studies have identified certain environmental contaminants that can be effectively remediated with an “engineered barrier” approach. This approach is the preferred method because it is the least costly and is also acceptable to the Illinois Environmental Protection Agency. Under the engineered barrier approach to remediation, the top 3 feet of soil will be removed and disposed of as “special waste” at an approved licensed special waste landfill, and replaced by the equivalent quantity of clean soil in all proposed landscaped areas. The soil removed for the excavation of the foundations will be disposed of as special waste. The balance of the site will be capped by impermeable surfaces (i.e. building structures, parking lots, streets, sidewalks, etc.). This is the approach that was used on other redevelopment sites where environmental contamination was found and remediated. The benefits namely are (1) continuity of schedule; (2) continuity of activity and (3) economy of scale.

Based on the foregoing, it is in the best interest of the CHA to enter into a contract with McShane Construction Company, Inc. for environmental remediation activities to be performed on CHA-owned land at the Park Douglas rental development, in an amount not to exceed \$519,529.

RESOLUTION NO. 2010-CHA-74

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated, June 9, 2010, requesting authorization to 1) enter into a contract with McShane Construction Company, Inc. for environmental remediation at the Park Douglas Rental development site, 2) Execute other documents as necessary to implement the forgoing.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to 1) enter into a contract with McShane Construction Company, Inc. for environmental remediation activities at the Park Douglas Rental development site for a total contract amount not to exceed \$519,529 (200% of the estimated remediation costs), subject to any necessary HUD approvals and 2) Execute other documents as necessary to implement the forgoing. The term of the contract shall be the earlier of: the receipt of a “No Further Remediation” letter from the IEPA with regard to the Park Douglas Rental development site, or two years, subject to a one year extension.

